

1.933
D362
Cop. 2

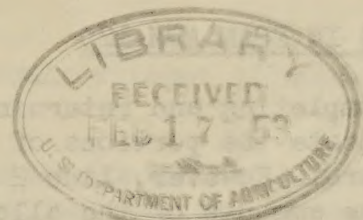
UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL ELECTRIFICATION ADMINISTRATION
WASHINGTON 25, D. C.

January 8, 1953

DEFENSE LETTER NO. 13

To : All Electrification Borrowers

Subject: Controlled Materials Allotments;
Changes in Form ADM-125;
Inventory Limitations



CONTROLLED MATERIALS ALLOTMENTS

REA has recently received firm second quarter 1953 allotments of controlled materials from DEPA for the REA electrification program. The allotments to REA are 100 percent of the stated requirements for aluminum and approximately 94 percent for copper wire. The total of the various categories of carbon steel allotted to REA is approximately 85 percent of the stated requirements.

The total amounts of controlled materials now available in comparison to amounts previously available are shown below:

Controlled Material	Quarter	Previous REA Advance Allotment Authority	Current REA Allotment Authority Based on Firm Second Quarter Allotments
Aluminum	2Q53	7,910,907 pounds	8,776,165 pounds
	3Q53	7,416,476	7,020,932
	4Q53	5,933,180	6,582,124
	1Q54	-	5,265,699
Copper Wire	2Q53	5,632,148 pounds	7,575,669 pounds
	3Q53	5,280,139	6,060,535
	4Q53	4,224,111	5,681,752
	1Q54	-	4,545,401
Carbon Steel	2Q53	4,683 tons	4,110 tons
	3Q53	4,683	3,288
	4Q53	3,747	3,083
	1Q54	-	2,466

REA has completed the issuing of most of the new allotments. In computing the allotments for individual borrowers the amounts of controlled materials that each had on hand, as well as other pertinent factors, were considered so that an equitable distribution might be made. In the event your allotments

are insufficient for your needs, you should supply supporting facts to your REA Area Director and request the additional allotments. Power-type borrowers should communicate with the Power Division of REA. If for any reason your construction program changes and all of your allotment is not needed, the excess should be returned to REA immediately with a statement of the facts.

CHANGES IN FORM ADM-125

When completing and returning Form ADM-125, it is no longer necessary to indicate the portions of the allotments that have been extended to suppliers. However, line 2 of the Form ADM-125 should be filled in with the amounts of the allotments that are not needed and are being returned to REA. Insert zeros where no allotments are being returned. One copy of the form should be completed and returned within 60 days to the office of the REA Area Director (or Power Division for power-type borrowers). Additional later returns may be made by letter.

INVENTORY LIMITATIONS

Defense Letter No. 8, dated August 21, 1952, informed borrowers that in accordance with Direction 1 to NPA Order M-50, inventory limitations on aluminum and copper were temporarily suspended as of July 22, 1952. This temporary suspension was revoked by NPA on October 1, 1952. Therefore, the limitations set forth in Chapter 1, Section 10, of the REA Defense Handbook are applicable to borrowers' inventories of controlled materials. Steel inventories, which had been limited to a 60-day supply during the period from September 1 to December 31, 1952, because of the steel strike, have been restored to their normal 90-day level by revocation of Direction 2 to NPA Order M-50.

Claude R. Wickard

Administrator

1.933

D362

Cnp 2

UNITED STATES DEPARTMENT OF AGRICULTURE

RURAL ELECTRIFICATION ADMINISTRATION

WASHINGTON 25, D. C.

March 3, 1953

DEFENSE LETTER NO. 14

To : All REA Electrification Borrowers

Subject: Purchase of Additional Controlled Materials without Allotments

We call to your attention at this time changes in the Controlled Materials Plan which directly affect REA borrowers in connection with the purchase and use of controlled materials.

The basic change permits you to obtain without allotments or prior authorization amounts of copper, aluminum, and steel which are available after CMP allotments have been filled. This amounts to an "open-ending" of the Controlled Materials Plan, with allotments continuing to have preference.

DEPA has announced in its Industry Letter No. 65 that it will continue to make allotments for construction within the industry; and REA will continue to serve its borrowers by maintaining the pooling arrangement for allotments of controlled materials. Continuation of these provisions is desirable because manufacturers will accept unrated orders only if they have excess materials on hand and additional production-line capacity beyond that required for their rated orders. DEPA and REA will continue, therefore, to issue allotments in order that you may have prior claim on controlled materials by virtue of these allotments.

Direction 10 to CMP Regulation 6, effective February 16, permits REA borrowers (and others) to purchase and receive controlled materials without allotments, and without charging allotments, after lead time for the particular controlled material has commenced. This procedure is applicable to orders calling for delivery in March 1953 and thereafter. Lead time for any specific item of material or equipment may be furnished to you upon inquiry to your supplier. (The term "lead time" means the total number of days, prior to the commencement of the month in which delivery is to be made, required by a manufacturer to engineer or design and to process or manufacture the material or item of equipment.)

Controlled materials purchased without an allotment may be used to commence or continue construction of a major plant addition without an authorized construction schedule. Borrowers may use controlled materials purchased without allotments on any major plant addition or for minor requirements (including headquarters, garage, and warehouse facilities), whether or not the construction schedule has been approved for purposes of CMP.

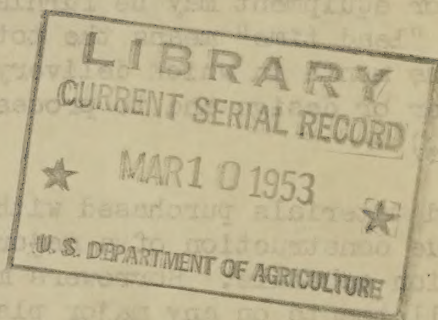
Purchases of controlled materials without allotments need not be charged against your allotments from REA. Any controlled materials that you may be

able to obtain against unrated orders are to be considered over and above those obtained against rated orders. Your records of controlled materials purchased without allotments must be maintained separately and must not be entered into the records that you are now maintaining for purposes of CMP in accordance with previous instructions.

As indicated above, DEPA and REA will continue to issue allotments of controlled materials for the present quarter, as well as for the subsequent quarters, until such time as it is definitely determined what materials controls will be applicable to the electric power program after June 30, 1953. Therefore, be sure to notify your REA Area Director of any change in your needs which will require additional allotments of controlled materials. Power-type borrowers should notify the Power Division of REA.

You may consider this letter as your authority to avail yourself of the "open-end" CMP privileges in lieu of more detailed changes in the REA Defense Handbook at this time.

Wm. E. Wise
Acting Administrator



1.933
D362
Copy 2

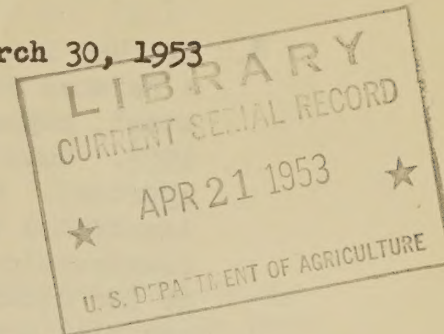
UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL ELECTRIFICATION ADMINISTRATION
WASHINGTON 25, D. C.

March 30, 1953

DEFENSE LETTER NO. 15

To : All Electrification Borrowers

Subject: Termination of the Controlled Materials Plan



Effective June 30, 1953, the Controlled Materials Plan (except for stainless steel) will be terminated in accordance with Direction 21 to CMP Regulation 1 and Direction 11 to Revised CMP Regulation 6. Therefore, the REA pooling arrangement for electrification borrowers is expected to end on June 30, 1953.

Accordingly, the following procedures will apply to REA electrification borrowers:

1. REA will continue to make allotments of controlled materials for delivery in the second quarter 1953.
2. The "open ending" privileges of CMP as outlined in Defense Letter No. 14, dated March 3, 1953, will remain applicable until the end of the second quarter 1953.
3. REA will continue to accept your returns of unused portions of your allotments for the first and second quarters 1953.
4. Allotments, with the related DO ratings, which you have received from REA for the third quarter 1953 and subsequent quarters are cancelled. Cancellation of allotment symbols and DO ratings merely cancels the priority and not the order itself. If you have any question on the status of your order, you should ask your supplier about it.
5. Allotments which are cancelled should not be returned to REA. However, borrowers should note in their records the fact that such allotments have been cancelled. Section 4 of NPA Order M-50 requires that past records be retained for at least 3 years.
6. Carryover of borrowers' allotments accepted for delivery prior to July 1, 1953, and not shipped by that date must be given preference by producers over other orders for controlled materials except those bearing allotments for military and atomic energy projects. However, the carry-over provision does not apply to DO-rated orders.

2-DEFENSE LETTER NO. 15

7. Effective immediately REA borrowers may place, and producers may accept, unrated orders for steel, copper, and aluminum for delivery after June 30, 1953.
8. NPA has issued regulations effective March 23, 1953, establishing a Defense Materials System (DMS) to govern the distribution of steel, copper, and aluminum for defense requirements after June 30, 1953. Continuation of the plan will be subject to Congressional approval. Under DMS, requirements of the defense programs will be identified by the symbols A through E. Unless you are undertaking construction specifically authorized by the Department of Defense or the Atomic Energy Commission to serve their defense requirements, you will not be eligible to make application for the use of these allotment symbols, nor will the rules and regulations of the new DMS apply to you. In case you do require assistance in obtaining controlled materials for defense construction, you should consult the local representatives of the Department of Defense or the Atomic Energy Commission installation requesting service from your system.

The provisions of this letter supersede any conflicting provisions contained in the REA Defense Handbook.

Wm. C. Wise
Acting Administrator

1.933
D362

UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL ELECTRIFICATION ADMINISTRATION
WASHINGTON 25, D. C.

May 20, 1953

DEFENSE LETTER NO. 16

To : All Electrification Borrowers

Subject: Pooling Arrangement for Controlled Materials
Ends June 30, 1953

Effective June 30, 1953, the pooling arrangement for controlled materials, under which REA has acted as a claimant agency for its electrification borrowers, is terminated. This coincides with the termination of the Controlled Materials Plan and the abolishment of the Defense Electric Power Administration which was announced by the Secretary of the Interior in an order signed May 8, 1953.

Borrowers must keep their records of all CMP transactions for at least 3 years. Records of stated requirements, allotments, receipts, inventories, and use of controlled materials must be kept in sufficient detail to permit an audit to determine that each transaction has complied with the applicable NPA regulations. For the third quarter of 1953 and subsequent quarters, borrowers will not need to maintain records of further materials transactions except in cases of materials obtained for Atomic Energy Commission or Department of Defense rated orders.

It is recommended that borrowers file with their CMP records all pertinent information supplied by REA. This includes the REA Defense Bulletins, Defense Letters, the Defense Handbook, replies to your inquiries, and general correspondence regarding controlled materials.

Amendment No. 2 to NPA Order M-50, dated May 15, 1953, revokes the restrictions on electric utility inventories of controlled materials. Since restrictions on items other than controlled materials were removed when NPA Regulation 1 was revoked on May 1, 1953, this means that REA electric borrowers are now free from all governmental inventory restrictions.

We wish to take this opportunity to thank you for the fine spirit with which you accepted the additional work and responsibilities related to materials controls. Your excellent cooperation made application of the Controlled Materials Plan to the REA program successful. As a result construction of needed electric facilities in rural areas continued in an orderly manner during the emergency period, thus materially contributing to our National Defense.

Sincerely yours,

Arthur Nelson

Administrator

